

Road to Wembley is getting longer

By Carolyn Cummins, Commercial Property Editor
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MULTIPLEX'S troubled Wembley Stadium redevelopment has a 70 per cent chance of being ready for the FA Cup final in May, with "material circumstances" continuing to hinder the construction process. But any bad news fell on deaf ears yesterday, with the few investors interested in the stock pushing the share price ahead 11c, or 3.5 per cent, to \$3.27 on turnover of 8 million securities worth \$26.3 million. The sellers were hedge funds taking some profits, with local property securities funds and smaller retail investors the buyers, saying the news offered some clarity.

On a media tour held at the \$1.4 billion stadium in London on Monday, Multiplex's United Kingdom managing director Martin Tidd said everything had to work "like a Swiss watch" for the project to be completed on schedule. "My view would be a 70 per cent chance of completion," he said. The current situation was a "deterioration from what we said in December", Mr Tidd was quoted as saying.

In an investor update document released in Australia yesterday, Multiplex said while most of the venue was nearing completion, toilets, VIP boxes, stairs, ceilings and part of the pitch were yet to be finished. Should Multiplex fail to hand over Wembley by March 31, it will incur further damages of £14 million (\$33 million). It also has some outstanding legal claims against subcontractors.

Despite the share price gains yesterday some fund managers remained unimpressed. **Winston Sammut, director of Maxim Asset Management**, said uncertainty continued to surround the project. "They don't seem to be saying a hell of a lot," Mr Sammut said. "There were no up-dates on potential loss amounts ... I don't take much confidence from this.

"No one seems sure about what the Football Association is doing with ticket sales. Maybe the decision will come from the other way, in that the FA will say there is not sufficient enough time to stage the event.

"I believe the prospects of holding the FA Cup final there are dwindling."

Multiplex issued five profit downgrades in 2005. On December 19 last year it warned that full-year profit, which had been estimated at \$215 million, was likely to be slashed by \$165 million to only \$50 million.

Two days later another release was issued which included detailed information from a board report that added best and worst-case scenarios to its estimate of a \$165 million profit cut. The worst case, regarded by the company as "extremely unlikely and highly misleading", was a reduction in profit of \$247 million, which would put Multiplex into a loss of \$32 million for the full year. A better indication of its worst-case scenario was a reduction of \$205 million, leaving the company with a tiny \$10 million profit.